



FROM THE OFFICE OF STATE TREASURER BRIAN K. KROLICKI

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TREASURER REACTS TO TOBACCO PAYMENT SHORTFALL

(Carson City, Nevada) – State Treasurer Brian K. Krolicki responded today to the amount of money received for the State's annual payment from the 1999 Tobacco Master Settlement Agreement (MSA). The State's share for fiscal year 2004 totaled \$37.9 million, 8.4% below the amount originally forecast for Nevada's portion of the MSA. If the 8.4% decline continues, Nevada would lose more than \$100 million over the life of the agreement.

Treasurer Krolicki reiterated his profound regret that the securitization plan put forward during the last three legislative sessions was never agreed to by the Assembly leadership.

"It is unfortunate that the worthwhile programs funded by the MSA, including the Millennium Scholarship program and Senior Rx, remain dependent on cigarette consumption," said Treasurer Krolicki. "While I am delighted that Americans are smoking less, this has resulted to date in a \$3.5 million reduction in MSA payments."

If the MSA had been securitized after the 2001 legislative session, to date the State would have earned an additional \$93 million in interest payments. Combined with the actual \$3.5 million shortfall to date from the original forecast, Nevada has almost \$97 million less in the bank than Treasurer Krolicki hoped the State would have at this point.

"The valuable programs funded with this money are so successful that any diminishment in payment will cause substantial stress," stated Treasurer Krolicki. "The need for college scholarships and prescription drugs for seniors will only continue to grow."

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